

**OPENING STATEMENT OF
CHAIRWOMAN REP. SUE KELLY
SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS
COMMITTEE ON FINANCIAL SERVICES**

**“Implementation of EFT requirements of the Debt Collection Improvement
Act of 1996 and the use of ETAs”**

JUNE 20, 2001

Good afternoon. We are here to examine the status of the Electronic Funds Transfer requirements of the Debt Collection Improvement Act of 1996, known as the EFT 99 program. We want to see how far we have come in moving towards a checkless system for paying federal salaries, pensions, vendor payments, and Social Security benefits, and whether the change has reduced costs, as was promised when the Act passed.

We will also discuss the use of Electronic Transfer Accounts, or ETAs, that allow low and middle-income federal payment recipients who do not have bank accounts to receive their funds electronically. The ETA can be the first step for the unbanked towards participating in the financial system and a lifetime of sound money management and personal savings towards that first house, a child's education, and a secure retirement.

Use of ETA accounts should ensure rapid and efficient distribution of government benefits, save the recipients a lot of time, increase the security of their benefits, and provide a sector of the population who have been without bank accounts with this necessary service. This program can truly be a win – win – win for all involved. We need to ensure that this program is reaching all those it needs to reach, so we should investigate who is not using this service and why. In addition, we need to ask what problems these accounts pose to the recipients, the banks, and the government. Finally, we need to investigate if any fraud is occurring with these accounts and what steps might be taken to stop all of the problems.

The ranking member of the Subcommittee, Mr. Gutierrez of Illinois, and I are committed to the long-term success of the EFT and ETA programs. To ensure that federal payments are made electronically and all eligible recipients who want to open ETAs can do so, we are today asking the General Accounting Office to start a comprehensive review of the EFT program and the use of ETAs.